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ABSTRACT

This document provides background and references for educational programs on cooperatives. Seven major topics are covered: Cooperatives Are Distinctive Business Corporations, Types of Cooperatives (such as agricultural, credit, housing, crafts, health, memorial association, fishing, forestry, recreation, labor, buying clubs, consumer, student, and legal services), Professional Workers' Approach to Organizing Cooperatives, Reacting to Requests, Answering Questions Most Likely to Be Asked, Sources of Additional Information (such as State level assistance and existing cooperative education and training programs), and a bibliography, which provides citations and sources for printed materials on developing, organizing, financing, and operating cooperatives. (HD)

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Advising People about Cooperatives

by

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and

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U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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FOREWORD

A few individuals or a larger group of people may approach you with the belief that forming a cooperative is the answer to their problems or needs. They want counsel on what is involved in starting and operating a cooperative. They expect you to appraise their problems objectively, make practical suggestions, and give professional assistance. Their interest may be in the more common agricultural cooperative or in special cooperatives, such as forestry, recreation, handcrafts, buying clubs, fishing, water, sewer, housing, credit unions, or others.

Much has been written on cooperatives, but it would be unrealistic to expect you to have all the information available. This publication provides background and references for educational programs on cooperatives. Organizations and their bulletins, books, visuals, and periodicals listed at the back of this publication provide ready reference on developing, organizing, financing, and operating cooperatives.

This publication is not intended to duplicate material or references available in other forms. Brief in some areas of major concern, it is not a substitute for professional assistance from Farmer Cooperative Service, Cooperative State Extension Services, State cooperative councils, State departments of agriculture, Farm Credit Banks, and other professional groups and organizations working with cooperatives.

Periodicals and news releases, including those on new publications, provide new and additional material.

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ADVISING PEOPLE ABOUT COOPERATIVES

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"A cooperative is a voluntary contractual organization of persons having a mutual ownership interest in providing themselves a needed service(s) on a nonprofit basis. It is usually organized as a legal entity to accomplish an economic objective through joint participation of its members. In a cooperative, the investment and operational risks, benefits gained, or losses incurred are shared equitably by its members in proportion to their use of the cooperative's services. A cooperative is democratically controlled by its members on the basis of their status as member-users and not as investors in the capital structure of the cooperative."[1]

People form cooperatives to obtain services for themselves they cannot get as economically, efficiently, or effectively as individuals. The cooperative provides the structural basis for them to work together by pooling their human, financial, and physical resources. This grassroots concept enables them to obtain a variety of services; manufacture and purchase supplies; produce, process, and market products; and generate sufficient volumes of business to improve bargaining power and competitive position relative to other businesses.

COOPERATIVES ARE DISTINCTIVE BUSINESS CORPORATIONS

Three basic types of business organizations comprise our American private enterprise system: Individually owned business firms, partnerships, and corporate forms. Corporate forms may be either for profit and investor-oriented or like cooperatives, nonprofit and user-oriented (1)(4).[2]

Cooperative corporations may resemble investor-oriented corporations in outward appearance and attain certain corporate advantages. Many owners make it possible to accumulate large amounts of capital in one business firm; business transactions can continue without interruption during change of ownership or staff; and individual financial risk is limited to amount of stock owned in the corporation.

Cooperative corporations have three distinctive characteristics:

1. Democratic member control
2. Limited returns on capital invested
3. Operation on a cost-of-doing-business basis (1)(4)

Democratic member control

Control of cooperatives rests with members. Control is exercised usually on the basis of one vote per member, rather than multiple votes according to capital investment in the organization. This one-member, one-vote system is called democratic member control. Voting takes place at annual member meetings or other called meetings.

Increasingly, cooperative bylaws, where State cooperative laws permit, provide for additional votes per member based on the previous year's patronage in dollars, tonnage, or other measurement. This supplemental voting gives a greater voice to members responsible for major shares of total cooperative business operations. Policy decisions, such as differential pricing, may arise that may be detrimental to cooperative success unless volume members have greater voices. Thorough study is recommended before deciding on voting methods other than the one-member, one-vote method (1)(4).

Limited returns on capital invested

The Capper-Volstead Act gives legal sanction to the right of farmers to formally organize and act together without fear of antitrust action against them. For a marketing cooperative to come within the protection of this act, it must either restrict voting rights to one vote per member or limit dividends on stock or member capital to 8 percent per year. Most State statutes stipulate limited return on capital invested.

Capital is as necessary for cooperatives as for other business firms and is only a means to an end. Cooperative members are interested primarily in goods and services obtained as patrons rather than for return on capital. Restrictions on investment returns discourage exploitation by entrepreneurs

[1] USDA's definition of a cooperative in *Cooperative Criteria*, Farmer Cooperative Service, Service Report 71, February 1965.

[2] Numbers refer to source of additional information listed at end of publication under "Getting Information About Cooperatives."

METHODS OF DOING BUSINESS UNDER PRIVATE ENTERPRISE

A Comparison

CHARACTERISTICS	TYPES OF BUSINESS ENTERPRISE			
			CORPORATE FORM	
	INDIVIDUAL	PARTNERSHIP	INVESTOR-ORIENTED CORPORATION	USER-ORIENTED COOPERATIVE CORPORATION
FUNCTIONS	To buy or produce goods for sale or provide service	Same as individual	Same as individual	To purchase supplies, market products, or provide needed services
OBJECTIVE	Profit for the individual	Profit for the partners	Profit for the investing stockholders	Profit for the members and patrons
USERS	The public	The public	The public	Members and/or patrons
OWNERSHIP AND CONTROL	The individual	The partners	The investors	Members—usually one vote each [1]
MANAGEMENT	The individual	The partners	Board of Directors	Board of Directors
LEGAL STATUS	Usually unincorporated	Legal agreement between associates under State law	Incorporated under State law	Usually incorporated under specific State law
LIABILITY	Assets of the individual	Assets of the partners	Assets of the corporation	Assets of the cooperative
RETURN ON CAPITAL INVESTED	Unlimited	Unlimited	Unlimited	Limited by law [1]
WHO GETS NET PROCEEDS?	The individual	The partners	The stockholders	The patrons in proportion to use [1]

[1] Distinctive cooperative characteristics

more interested in returns than service to members (1)(4).

Operations on a cost-of-doing-business basis

Cooperative net margins, called profit in investor-oriented corporations, are generally allocated to member-users in proportion to the business volume of each during the year. After setting aside reserves to protect cooperative financial security, the remaining net margin is issued as patronage refunds. Thus, operations on a cost-of-doing-business basis are attained.

Cooperative organization papers establishing cooperative obligations to return net margins prior to transactions with patrons provides a legally binding contract. Amounts involved in effect reduce corporate income — they belong to patrons.

By law, at least 20 percent of patronage refunds must be returned to patrons in cash. Remaining portions may be credited to patrons when retained by the cooperative to provide additional capital with consent of member-patrons. Producer member patronage refunds on supplies purchased or products marketed are taxable income of members on both cash and non cash portions (1)(4).

TYPES OF COOPERATIVES

Historically, cooperatives perform one or more of three kinds of functions: (1) marketing products, (2) purchasing supplies, or (3) providing services. Brief descriptions of the more common types of cooperatives operating in the United States follow.

Agricultural Cooperatives

Marketing cooperatives

Producing for consumer demands and finding satisfactory means of marketing products is an increasing problem. Farmers efficient in production often lack time or understanding about marketing to satisfy mass market demands. Few farmers have products in quantities needed to deal directly with large wholesalers or retailers. Marketing cooperatives, as quantity assemblers, provide an increasing variety of off-farm marketing services and processes.

Marketing cooperatives help farmers produce and process quality products to market specification. Early cooperative marketing included operation of grain elevators, milk plants, wool pools, cotton gins, livestock markets, vegetable markets, or fruit packing plants. Modern marketing includes coordinated processing, canning, drying, blending, concentrating, extracting, freezing, or consumer packaging of milk, broilers, turkeys, meats, vegetables, fruit, nuts, and many more products in highly integrated organizations.

Marketing cooperatives enable farmer members to extend control of their products so long as their cooperative retains physical or legal title to a commodity handled through processing, distribution, and sale of it (1)(3)(4)(15)(16)(20).

Agricultural Bargaining Cooperatives are a variation of marketing cooperatives. Producers join to gain strength in negotiating such items as price, quality, quantity, and delivery terms with processors and other buyers. Producers delegate authority to their bargaining association to establish common quality, common price, and rules on marketing their product.

Bargaining cooperatives do not take possession of products or assemble, process, or distribute them. Bargaining cooperatives differ from usual marketing cooperatives in that facilities are limited generally to an office and perhaps a quality testing laboratory. Some cooperatives perform both bargaining and marketing functions. Examples are dairy co-ops starting as bargaining organizations but subsequently adding processing facilities (4)(15)(16).

Purchasing cooperatives

Farmers turned to cooperatives as economic tools to gain advantage of quality and quantity supply purchases such as feed, fertilizer, and seed. These early efforts extended to incorporate activities with full-time managers and warehouses to handle other production supplies and services, including petroleum products, farm chemicals, animal health products, fencing, building supplies, construction contracting, automotive accessories, and many others.

Regional cooperatives strengthened purchasing power through owning large-scale facilities

such as petroleum refineries; phosphate, potash, and nitrogen plants; feed mills; research farms; laboratories; manufacturing plants; and other large-scale activities.

Purchasing cooperatives' objectives include savings for members through quantity purchasing, manufacturing, and distributing; procuring quality products; and providing related services as needed.

Many cooperatives perform both marketing and purchasing functions although they started as single-function organizations (1)(4)(15)(20).

Service cooperatives

Cooperatives offer unlimited possibilities and are used in ever widening circles to solve mutual problems and provide specialized services. Service cooperatives vary from the early fire departments and insurance associations to modern day data processing where computers are the major equipment for analysis and recordkeeping. Numerous examples of services cooperatives provide include animal breeding, livestock feeding, grazing, irrigation, rural electric and telephone services, farm machinery, pest control management, dairy herd improvement, credit, and others. Familiar agricultural credit cooperatives are Production Credit Associations and Federal Land Bank Associations (1)(3)(4)(9)(10)(11)(14)(15(17).

Other Cooperatives

Increasing numbers of rural and urban cooperatives have developed. Passage of the Economic Act and the Appalachian Regional Development Act of 1965, plus public reevaluation and concern, generated ideas for cooperatives other than those normally associated with agriculture. These include buying clubs and consumer stores, craft, credit, fishing, forestry, health, housing, legal services, memorial, migrant labor, mutual insurance, recreation, sewer, water, and many others.

A host of other cooperatives, many national in scope, are jointly owned and operated by business organizations to provide themselves services at cost. These include the Florist Telegraph Delivery Association; the Associated Press (a news-gathering service); the American Automobile Association; and food, drug, or hardware retailer-owned wholesale cooperatives (2)(21).

Credit

Two major systems of cooperative credit service exist—(1) the Farm Credit System serving agriculture, and (2) credit unions serving all segments of the population.

The **Farm Credit System** is made up of the following:

1. Twelve Federal Land Banks and their 553 affiliated Federal Land Bank Associations make long-term loans secured by first mortgages on farm or rural real estate. Loans may be made to farmers or ranchers, owners of farm-related businesses performing on-farm services, and rural homeowners.

2. Twelve Federal Intermediate Credit Banks provide short and intermediate-term loan funds for 433 Production Credit Associations (PCA's). PCA's make loans to farmers or ranchers, owners of farm-related businesses, rural homeowners, and producers or harvesters of aquatic products.

3. Thirteen Banks for Cooperatives offer complete credit services to supply, marketing, or business service cooperatives owned by farmers, ranchers, or producers.

For purposes of management, the country is divided into 12 farm credit districts. At the same location in each district, there is a Federal Land Bank, Federal Intermediate Credit Bank, and Bank for Cooperatives. District banks are in these cities: Springfield, Mass.; Baltimore, Md.; Columbia, S.C.; Louisville, Ky.; New Orleans, La.; St. Louis, Mo.; St. Paul, Minn.; Omaha, Nebr.; Wichita, Kans.; Houston, Tex.; Berkeley, Calif.; and Spokane, Wash. The 13th or Central Bank for Cooperatives is at Denver, Colo.

Banks and associations of the Farm Credit System are completely borrower owned. The Farm Credit Administration supervises, according to law and in the public interest, banks and associations of the Farm Credit System.

The banks obtain their loan funds primarily through sale of securities to investors in the Nation's capital markets. These sales are conducted by a fiscal agent in New York City jointly employed by all 37 banks (3).

Credit Unions are financial corporations chartered and supervised either by State or Federal Government through National Credit Union Administration. They are formed by people with common bonds through business employment, association, or other types of organizations within a well-defined neighborhood, community, or rural district. Business organizations whose employees form credit unions often provide office space on the premises. Persons become members by applying and paying small membership fees. Family money management and wise credit use are encouraged.

Credit unions make loans to members from funds saved by other members. Credit committees chosen from the membership review loan applications for approval. Repayments are made on mutually agreed schedules with reasonable interest charged on outstanding loan balances. Many credit unions refund part of interest paid by borrowers each year—attaining operation on cost-of-doing-business basis. Normally, credit unions do not require outside financial support.

Most credit unions belong to State credit union leagues that are affiliates of the Credit Union National Association, a national trade association of credit unions (9)(10).

Housing

"Cooperative" applied to housing means joint operation of a housing development by those who live in it. Members own membership certificates or stock in the corporation carrying exclusive right to occupy a dwelling unit and participate in corporation operations. Cooperative housing corporations own the total property.

Condominium ownership permits individual dwelling unit ownership within a total property estate with undivided interest in the common estate.

Common purposes of housing cooperative projects are to obtain adequate housing at reasonable mortgage interest rates. Members may reduce building costs through self-help approaches to home ownership (7)(8).

Crafts

Cooperatives, guilds, and informal associations provide channels for purchasing production supplies or marketing properly designed, uniform quality craft products. Organization efforts can lead to new awareness and recognition of craft cultural values, help the industry overcome poor marketing conditions, provide increased income, and create a sense of accomplishment. Basic to economic stability and success is knowing and producing economically the quality products buyers want. This requires management coordination of creative and business skills (4)(20).

Health

Members prepay medical cost through monthly premiums to consumer-sponsored health plans. This spreads costs and helps members prepare for possibilities of serious illness. Physicians practicing in multi-specialty groups emphasize keeping patient members well through preventive medicine and outpatient care. Some health plans employ doctors or establish clinics or hospitals (6).

Memorial associations

Three types of memorial associations are those (1) recommending mortuaries to members without contracting, (2) contracting with mortuaries for member services, and (3) cooperatively operating mortuaries by prepaying burial cost (2).

Fishing

Fishermen are confronted with lack of market information and organization within the industry. Professional help in organizing fishermen's purchasing and marketing cooperatives is needed from the outset because organization is counter to fishermen's tradition of operating independently. Commercially fundable cooperative business ventures are highly possible. The Farm Credit Act of 1971 enables lending to fishery cooperatives. The Capital Construction Fund (CCF), Pl 91-469 of 1971, provides a method of tax deferment allowing fishermen—especially those in cooperatives —favorable tax treatment in the purchase and remodeling of fishing vessels (3)(4).

Forestry

Development of forestry cooperatives offers potential because many types may be organized. In a woodland management co-op, several landowners jointly employ a professional forester or

manager who follows the advice of professional foresters. Woodland owners could also organize a sawmill cooperative. A stud mill was purchased by a group of landowners and operated as a cooperative. Other examples are Christmas tree cooperatives, maple syrup cooperatives, and pulpwood or saw log concentration yards.

Owners of small woodland acreages, absentee landowners, and others can benefit by joining cooperatives. By pooling their woodland resources, they can develop large enough units to permit profitable operations through improved management and marketing practices. Large volumes permit pooling of species and grade for orderly marketing (4).

Recreation

Public demand for outdoor recreation increases annually as more leisure time becomes available. Forming recreation cooperatives on private rural land shows potential for meeting future needs and increasing landowner income.

Recreation cooperatives are classified as user-controlled and resource-controlled.

User-controlled cooperatives are those where resources such as land or facilities are controlled by users through lease or purchase to provide cooperative members and their families with services or facilities for outdoor recreation. Examples include camps, golf, flying, playgrounds, skiing, swimming, tennis, trap shooting, or other facilities operated on a nonprofit basis.

In resource-controlled cooperatives, owners organize the cooperative to develop and market recreational facilities and services or jointly purchase services and supplies used to produce recreation income. Resource-controlled cooperatives have application for adjacent landowners on a lake or stream desiring to develop a single unit under one management for boating, swimming, fishing, camping, or hunting. Economies of scale are attained through shared capital investment for improvement, promotion, and advertisement (4).

Labor

In one case, a group of migrant workers formed a labor co-op to sell their services to producers. Their manager contracts with farmers for services. They have transportation, and indications are they work more days than workers not organized.

Buying Clubs

Increasing cost of living stimulates interest in simple forms of consumer cooperatives called buying clubs. Generally, buying clubs order merchandise on a preorder and prepaid basis for members. They are handled by volunteer labor with 15 or more members agreeing on basic commodities needed with sufficient markup to justify substantial investment of member time and effort. Often, their existence is limited because basic needs cease to exist or they develop into consumer co-op stores (2)(12)(20).

Consumer

Consumer cooperatives are corporate businesses, generally incorporated under State statutes or District of Columbia cooperative law. The prime purpose is to provide a wide range of economic services on a sound business basis to open membership through retail food stores, furniture stores, service stations, optical clinics, pharmacies, travel agencies, and others. Members, often active in consumer groups, are concerned with the quality and quantity of all merchandise and nutrition in food (2)(12)(20).

Student

Housing problems, meal concerns, book needs, and others bring students together in cooperatives. They pool funds and labor and agree on methods of operations to fill needs as they pursue education (13).

Legal services

Concerns with drawing wills, settling estates, and other normal legal needs stimulate development of legal services cooperatives. They are organized like health service cooperatives and help spread costs for members.

PROFESSIONAL WORKERS' APPROACH TO ORGANIZING COOPERATIVES

It takes only a few people wanting to solve mutual problems to generate interest in forming a

cooperative business. These people are usually leaders in specified areas working to get others with similar interests involved in business solutions. They call on professional workers in whom they place confidence for help in the cooperative forming processes—planning, organizing, financing, managing (3)(4).

REACTING TO REQUESTS

When groups want to organize cooperatives, questions about their needs must be answered. Initial analysis can help orient them to situations and avoid misunderstandings during the study process. Feasibility of cooperative businesses must be examined to help avoid serious problems in getting established.

Examples of questions to ask when groups request assistance on cooperative organization are the following:

1. What type of cooperative is needed?
2. Why is a cooperative needed?
3. Who is urging the development of a cooperative and why?
4. How many people are interested in this proposal? How has this interest been determined?
5. How many have visited existing cooperatives?
6. What educational or discussion group meetings have been held? How many attended? Who conducted the meetings? Did the same people attend each time?
7. Has outside help or advice been requested? If so, from whom?
8. Where do people now get products or services the proposed cooperative would supply?
9. What competition would the proposed cooperative have?
10. What is the capital requirement? How much capital are organizing members able and willing to invest? Where will cooperators obtain credit?
11. How much business volume is expected the first year? Second year? Fifth year? Is this volume seasonal?
12. If the cooperative were organized and started in business, what are the prospects of getting a qualified manager?
13. What existing cooperatives are interested in opening a branch or taking in members as an alternative to forming a new cooperative?
14. What are the greatest problems in organizing this cooperative?
15. What are the greatest assets in getting a cooperative started?
16. What long-range factors or trends should be considered to ensure the co-op's success?

Obviously, all these questions and others will not be answered when first raised. A well thought through plan is the best way to obtain these answers and assure continued success for a new cooperative business. Constructive assistance often prevents disastrous results from an unwise, unassisted organization that may bring about early discouragement (4).

Study Committee

Considerable study and planning should precede organizational decisions. A study committee selected from potential members should (1) explore and analyze possible service through existing cooperatives, (2) secure professional assistance to make an economic feasibility study of organizing a new business enterprise, including operating costs and financing, (3) determine human factors contributing to vigorous approaches to common goals, (4) explore management availability for sound business operations, (5) survey facility needs and determine availability, (6) note problems created through organization not encountered individually, and (7) establish objectives (4).

Organizing Committee

Once feasibility is established and potential members vote to organize, the organizing committee should obtain a lawyer with knowledge of State statutes on cooperatives to advise on legal procedures before drawing legal papers.

Each State has one or more statutes under which corporations can be incorporated. Agricultural and nonagricultural cooperative corporation statutes may be specified. In some States, only agricultural cooperatives can organize. In some cases, incorporation may be more feasible under nonprofit or general business incorporation laws of the State, and the cooperatives establish bylaws to operate

under. In other instances, groups may elect to incorporate in the District of Columbia under Public Law No. 642 (76th Congress, chapter 397-30, 3 Session, S. 2013), and then incorporate in their State as an out-of-State corporation.

Greater detail on organizing, including sample legal documents, can be obtained from Educational Circular 18, *How to Start a Cooperative,* and Information 100, *Sample Legal Documents—Legal Phases of Farmer Cooperatives,* published by Farmer Cooperative Service (4).

Operations, Planning, and Strategy

A sound start improves the likelihood of success. Directors should meet immediately after members elect them. Business matters the board needs to act on include (1) electing officers designated in bylaws, (2) authorizing the secretary to print and distribute articles of incorporation and bylaws to members, and (3) conducting other business necessary to start the organization functioning as outlined in Educational Circular 18 (4).

Directors should study General Report 120, *Improving Management of Farmer Cooperatives,* published by Farmer Cooperative Service, USDA, and *Boards of Directors in Cooperatives,* published by the University of California and Extension Service, USDA, to gain understanding of applying management principles to cooperative organization. Objectives and policies more definite than those stated in articles of incorporation and bylaws are needed to provide boards and managers firm guidelines (4).

Financing

Capital needs depend on type and size of operation. All standard methods and some designed for cooperatives are used by members in financing.

Member investment. Sufficient member capital is needed to (1) demonstrate support, (2) commit necessary capital to operate the business, and (3) entice credit sources to take the financial risk of lending to the cooperative. Member investment is attained in several ways—through fees, dues, or assessments, or by issuing stock at the outset and using revolving funds after operation starts. Little stock is usually sold outside the membership, because cooperative investment does not offer growth possibilities or returns like other investments (3)(4).

Sources of credit. Banks, insurance companies, building and loan associations, and other commercial concerns can make and have made cooperative loans. Other sources are churches and private foundations.

Many cooperatives are financed through programs unique to cooperatives.

Banks for Cooperatives are part of the Farm Credit System, offering a complete line of credit to agricultural cooperatives including fishing cooperatives owned by producers (3).

National Rural Utilities Cooperative Finance Corporation (CFC) is an independent, self-help credit institution created by its member rural electric systems to provide supplemental financing for rural electric cooperatives (19).

The Rural Telephone Bank was established by amendment to the Rural Electrification Act to provide supplemental financing for rural telephone systems. An agency of the United States, the bank is managed by a governor and board of directors (18).

Federal programs. A good source of locating up-to-date Federal program assistance available is *Catalogue of Federal Domestic Assistance* compiled for the Executive Office of the President by the Office of Economic Opportunity. Copies of this publication can be found in most local Federal offices and through libraries (Library of Congress No. 74-600113). (5)(8)(9)(12)(14).

ANSWERING QUESTIONS MOST LIKELY TO BE ASKED

Facts and figures useful in preparing talks, news releases, and reports concerning cooperative business operations constantly change. The most recent available statistics can be obtained from various organizations listed at the end of this publication For example, Farmer Cooperative Service updates and publishes statistics on agricultural cooperatives (2)(4).

The Capper-Volstead Act, giving producers of

agricultural products the right to join in cooperatives to market their products without violating antitrust laws, is reproduced in FCS Information 100 and discussed in FCS Information 97 and AIC film (1) (4).

Questions and answers following are not a complete list or substitute for information from cooperative specialists. Many answers to semitechnical questions are in laymen's language and may not be complete. The answer may vary with State laws. Consult State Extension Services, State cooperative councils, or cooperative associations for specific answers to local questions.

Q. *Can nonmembers use the services of cooperatives?*

A. In most agricultural cooperatives, a certain amount of nonmember business is conducted. However, to maintain its status as a farmer cooperative under the Capper-Volstead Act, a co-op cannot do more business with nonmembers than with members. There are also special restrictions that affect the cooperative's tax status. Consumer cooperatives generally serve members and nonmembers. Many service cooperatives, such as farm credit, electric, telephone, and credit union, require membership to obtain service.

Q. *Do members pay annual dues?*

A. No dues are required in most cooperatives. However, a one-time membership fee is generally required by cooperatives organized on a membership basis. If the cooperative is authorized to issue capital stock, a member may have to buy a share of voting stock.

Q. *What financial liability does a person assume when joining a cooperative?*

A. Incorporated cooperatives normally limit financial liability of any individual to the amount of money invested in the cooperative in subscriptions to capital stock or membership.

Q. *Do cooperatives require contracts with members?*

A. Many agricultural marketing cooperatives do require members to sign marketing agreements. This is the only way members can be sure their packing or processing plant will have enough volume to operate efficiently. This is not generally true with purchasing cooperatives, although short-term contracts may often be required. Most consumer cooperatives do not require contracts.

Q. *How are cooperatives financed?*

A. At least part of the capital comes from members. Sources for borrowed capital were discussed earlier. Capital also can come from members after the cooperative is operating. In other words, members might agree to provide additional capital measured by the difference between receipts and expenses. Many cooperatives and their members agree that "net margins" may be used by the cooperative as capital. This capital is, of course, allocated and returned to members on a revolving fund basis. More detail is found in FCS Educational Circular 33.

Q. *Will farmers earn dividends or interest on investments in cooperatives?*

A. Cooperatives may pay a modest dividend on stock, but this is usually limited to the legal rate of interest in the State of incorporation or 8 percent, whichever is greater. Where dividends are paid, they generally run up to 8 percent a year. Certificates of indebtedness might bear interest at the same rate.

Q. *Can members withdraw investments in cooperatives?*

A. Many cooperatives permit members to redeem investments under certain conditions such as (1) retiring from farming in an agricultural cooperative, (2) leaving the cooperative trade area, or (3) settlement of an estate.

In addition, many cooperatives revolve members' investments at stated intervals. In such cases, cooperatives each year redeem investments made by members 5, 10, or 15 years before.

Q. *What is the governing body of a cooperative?*

A. The governing body of a cooperative is the members. In many cases, members must approve certain issues such as merging with another organization or liquidating the cooperative. For operating purposes, however, the governing body of a cooperative is the board of directors. The board is elected by the membership. It is the board's responsibility to employ a manager and delegate

day-to-day management of business operations. The board of directors is responsible for sound financial cooperative business operations and for long-range growth and development planning according to stated objectives.

Q. *Why can't cooperatives price products purchased for members at cost?*

A. Cooperatives must have gross margins to pay fixed costs such as rent or purchase price of land, buildings, or equipment and operating costs, many of which aren't known exactly until the year's end.

Q. *Do cooperatives fail?*

A. Just as many other businesses fail, cooperatives can fail because of insufficient capital, failure of members to support the business with needed volume, poor management, or operation under other unsound business practices.

Q. *What taxes do cooperatives pay?*

A. Cooperatives pay all taxes required by law. These include property taxes, usually imposed on all properties by States, counties, and school districts. They pay excise, communication, unemployment, social security, and transportation taxes, various license fees, and many more just as other corporations do.

Contrary to popular belief, cooperative organizations are not exempt from Federal income taxes. However, they can deduct from taxable income qualified net margins allocated to patrons. Cooperatives meeting requirements of section 521 of the Internal Revenue Code of 1954 can also deduct amounts paid as dividends on stock and amounts resulting from nonpatronage income distributed to patrons. Agricultural cooperatives must apply for 521 tax status. All nonagricultural cooperatives pay Federal income tax on the same basis as any corporate form of business. Tax matters can become quite technical. If asked about them, contact the State Extension specialist working with cooperatives for referral to informed sources.

Q. *Can farmer cooperatives and other types of cooperatives be organized under the same State statutes?*

A. Many States have separate statutes for farmer cooperatives and other cooperative business operations. Legal counsel familiar with State cooperative statutes is needed to ensure correct cooperative chartering under State statutes.

SOURCES OF ADDITIONAL INFORMATION

Organizations Serving Cooperatives

American Institute of Cooperation (AIC) is a national educational organization for agricultural cooperatives. Its 1,000 members are primarily marketing, supply, farm credit, and rural electric cooperatives.

It provides publications and visual aids to explain cooperatives. One of these publications, *How We Organize to Do Business in America,* is widely used by vocational agriculture teachers and other educators. AIC's monthly newsletter carries educational ideas and reports on what cooperatives and others are doing in the educational field.

AIC holds an annual institute each summer. About 2,000 people attend, including members, employees, and directors of cooperatives; Extension Service staff and others in universities; Federal and State government representatives; young farmer couples; young people; women; and others with specific interest in agriculture and cooperatives. A university conference and an employee and collegiate seminar for new employees and college students are held in conjunction with the summer institute.

Adults at this 3-day conference hear discussions on current problems, challenges, opportunities, and changes needed. The young people's program culminates their year-long study of cooperative business.

Talks at this annual institute form the foundation of an annual yearbook, enlarged in scope and size (to about 450 pages) in recent years with other articles on current concerns of cooperatives, statistics, and trends.

The institute cosponsors programs on member relations, personnel and director training, and related subjects (1).

Cooperative League of the USA (CLUSA) is a national federation of cooperatives of all kinds.

Included in its diverse membership are national, regional, State, and local cooperative organizations, serving members in housing, health, credit, consumer goods, farm marketing and supply, mutual insurance, education, rural electrification, and travel. In their behalf, the League provides services in legislation and government affairs, education and communications, research and development, and international cooperative representation.

The League produces a weekly Cooperative News Service for members; it is also available to other cooperative subscribers. It also produces a biweekly newsletter for members, *CLUSAgram and WASHINGTON/A Cooperative Slant*, accompanied alternately by a *Legislative Summary from The Hill;* a bimonthly review of new materials and techniques in cooperative education, *What's New*, available on request; and *Konsum*, produced bimonthly for consumer cooperative leaders. A statistical summary, *Cooperatives, USA: Facts and Figures*, is produced annually.

The Cooperative League persists in efforts to encourage sound cooperative development in this country and overseas.

The League also produces and makes available a wide variety of cooperative educational and training materials, including basic how-to manuals (2).

Credit Union National Association, Inc. (CUNA) is a national nonprofit organization serving credit unions in the United States. CUNA is supported by dues paid by these credit unions.

Programs and services of CUNA are carried on and supported by State units or leagues offering direct assistance to more than 23,000 U.S. credit unions. Through the leagues, CUNA provides programs in financial and economic research, education and development, communications, finance and accounting support, public relations and advertising services, and governmental affairs (10).

Federation of Southern Cooperatives (FSC) provides technical services and a variety of support programs to its 130 member co-ops. Member co-ops, located in the rural South, are agricultural, consumer, handcraft, and credit union co-ops organized by low-income people.

FSC, with the Tennessee-Tombigbee Construction Project, founded the Rural Training and Research Institute to provide a cooperative management training program, demonstration farm, development and production materials, and job training and experience (20).

National Council of Farmer Cooperatives (NCFC) promotes growth and effectiveness of cooperatives, primarily through national legislation.

Members of the National Council include 108 operating cooperatives and 32 State councils of cooperatives.

These members range from small cooperatives marketing several million dollars worth of agricultural commodities annually to large cooperatives supplying more than $1 billion of farm inputs annually.

The National Federation of Grain Cooperatives merged with NCFC and now serves as the Grain Federation Division. This division promotes common business interest of regional grain cooperatives and their members through legislation, information on government regulations, and help in dealing with State and Federal agencies.

The National Council and its Grain Federation Division represent more than 75 percent of the total business volume of agricultural cooperatives, and include a combined farmer membership of about 1.5 million.

The National Council has sought to create and maintain a favorable political and economic climate in which farmers and their cooperatives can do business.

The National Council's philosophy is keyed to the premise that Agriculture, an essential industry, must remain healthy if the U.S. economy is to prosper and grow (15).

Foundation for Cooperative Housing (FCH) is a national nonprofit institution dedicated to research and education in low and middle income housing with emphasis on using cooperative methods. FCH Services, Inc., is organized as a subsidiary to provide cooperative housing projects technical service in architecture, engineering, site planning, and community organization. The service assists in locating sources of finance, conducting member education and training, and managing cooperative housing projects (7).

Group Health Association of America (GHAA) promotes the health and well-being of the people of North America, especially through health programs

including: (1) prepayment of the cost of health care; (2) group practice of medicine; (3) comprehensive health care of high quality under the direction of qualified professional personnel; and (4) direction of policy and administrative functions in the interest of consumers of health services.

Existing prepaid group plans, as well as other organizations and individuals who actively support GHAA's principles, comprise its membership (6).

National Milk Producers Federation (NMPF) provides dairy farmers and their dairy marketing cooperatives with an effective voice in all branches of the Federal Government.

The Federation provides the organizational basis for the development of current policies and long-range objectives sought by dairy farmers and dairy farmer cooperatives. NMPF provides the mechanism to further these policies and objectives legislatively and administratively in the Federal Government.

Representing nearly all dairy marketing cooperatives in the Nation, the Federation serves as an effective voice in carrying information between member associations, Congress, and various Government agencies affecting the industry (16).

National Rural Electric Cooperative Association (NRECA) provides special services and a representative voice for legislative interests of member-owned electric systems. It is now the service organization for nearly 1,000 rural electric cooperatives and their statewide associations.

In addition to lobbying for legislation of interest to member systems as determined by resolutions adopted at the annual meetings, NRECA provides an insurance program, management and leadership training, counseling service, and research and information services. By formation of the Energy and Environmental Policy Division in the Department of Legislation and Communications in 1973, the association gave additional specialized support to member concerns. This division is responsible for all Government liaison and other association activities related to energy, environmental protection, bulk power supply, and related research.

Regular publications of the association include *Rural Electrification*, a monthly magazine; *Rural Electric Newsletter*, a four-page weekly; *RENS*, a weekly news service to statewide and local cooperative periodicals; *Management Quarterly; Legal Reporting Service*, sponsored jointly with the American Public Power Association; and *NRECA Power Supply Report*, a semimonthly newsletter of the Energy and Environmental Policy Division.

NRECA is entirely supported by dues from its member systems and from special services provided on a fee basis (11).

National Telephone Cooperative Association (NTCA) represents more than 200 member-owned telephone systems in legislative matters and before regulatory bodies. NTCA also offers services in management, member and public relations, and intraindustry affairs. The association also offers comprehensive programs for employee group insurance and retirement to member systems.

Commercial REA telephone borrowers not affiliated with holding companies are also eligible for membership in NTCA (17).

North American Student Cooperative Organization (NASCO) is a student organization dedicated to promoting cooperative methods.

NASCO sponsors publications and conferences to inform members on cooperative potential and method of cooperative management. Conferences have been held on these topics: cooperative housing, cooperative communities, food cooperatives, and plant maintenance and management. Publications include a brochure on co-op consultants and *Monthly News of Co-op Communities* (13).

Cooperative Extension Service (CES) is the educational arm of the U.S. Department of Agriculture. Its three segments — county Extension staffs, State Extension staffs, and staff at the Federal level — conduct educational programs for cooperative managers, directors, employees, and members. They also conduct educational programs for other farmers and the public to provide better understanding of cooperatives as an extension of farm business. These educational programs aim to strengthen the independent family farm.

County staffs are usually the first contact point for people wishing to form cooperatives and the county staff usually can provide necessary educational materials and suggestions.

Most educational programs are conducted by State Extension Services jointly or in cooperation with State cooperative councils, banks for cooperatives, and regional cooperatives.

At the national level (ES-USDA), there is close cooperation with other national public and private agencies engaged in work with cooperatives.

Farmer Cooperative Service (FCS), U.S. Department of Agriculture, provides research, management, and educational assistance to cooperatives to strengthen the economic position of farmers and other rural residents. It works directly with cooperative leaders and Federal and State agencies to improve organization, leadership, and operation of cooperatives and to give guidance to further development.

FCS (1) helps farmers and other rural residents to obtain supplies and services at lower cost and to get better prices for products they sell; (2) advises rural residents on developing existing resources through cooperative action to enhance rural living; (3) helps cooperatives improve services and operating efficiency; (4) informs members, directors, employees, and the public on how cooperatives work and benefit their members and their communities; and (5) encourages international cooperative programs.

FCS publishes research and educational materials and issues *News for Farmer Cooperatives*, a monthly magazine for management and directors of cooperatives (4).

Farm Credit Administration (FCA) is a unique, independent agency of the U.S. Government whose importance to agriculture stems from its relationship to the borrower-owned cooperative Farm Credit System. In addition to supervising the system, it also provides for examination of these institutions and coordinates some of their activities.

Overall policies for FCA are set by a 13-member Federal Farm Credit Board. Authority for FCA operations and activities are obtained from the Farm Credit Act of 1971, PL 92-181.

The system is discussed under credit cooperatives (3).

National Credit Union Administration (NCUA) supervises the Federal Credit Union System that makes more credit available to people of small means. The NCUA administrator has necessary powers and discretion to grant Federal credit union charters.

Authority for NCUA operations and activities is set forth in the Federal Credit Union Act (9).

Rural Electrification Administration (REA), U.S. Department of Agriculture, makes loans to finance electric and telephone service in rural areas.

In the field of rural electrification, REA is empowered to make loans to qualified borrowers, with preference to nonprofit and cooperative associations and to public bodies. The loans finance the construction and operation of generating plants and transmission and distribution lines or systems to provide initial and continued adequate electric service to persons in rural areas.

The rural telephone loan program administered by REA is authorized by Congress to meet the need of rural people for adequate telephone service.

REA does not own or operate rural electric or telephone facilities. Its function is to lend money and to assure its repayment, and to provide management and technical assistance to achieve program objectives (14).

State Level Assistance

Most States have one or more Extension specialists assigned to cooperative work. This assistance can be requested through local Extension Service offices.

Cooperative trade associations called councils, associations, institutes, or committees working with cooperative programs are organized in about 40 States. The executive office may be contacted through local cooperative organizations or local Extension Service offices (1)(4).

General farm organizations — American Farm Bureau Federation, Farmers Union, National Grange, and others — historically sponsor and organize farmer cooperatives. State farm organization offices continue as potent sources of assistance. These offices can be contacted through their local affiliates.

Statewide rural electric offices are organized in about 35 States. These may be contacted through local rural electric and telephone associations or REA (11)(14)(17).

Credit union leagues operate in most States. These offices may be contacted through local credit unions or the Credit Union National Association (10).

State departments of agriculture in some instances have cooperative specialists working on cooperative organization. Availability can be determined through the State department of agriculture.

Other cooperatives operating on a statewide or regional basis have staffs that may assist.

16 Cooperative Education and Training

Cooperative opportunities abound and are expanding in broad fields of business that may never occur to counselors. Opportunities consistently increase in processing, marketing, sales, distribution, research, advertising, accounting, computer programing, housing, insurance, electric service, public relations, law, specialized fields, and many more.

Local youth programs may be sponsored using the leaders' guide, *Opportunities in the Co-op Business World*, Information 80, published by Farmer Cooperative Service (4).

Cooperative youth programs, including camps, institutes, speaking contests, illustrated lectures, club or chapter contests, and others are conducted in many States through existing educational agencies with cooperative sponsorship (1)(4).

A number of land-grant universities conduct cooperative courses or include cooperative information in courses.

Professional workers desiring additional training should consider the cooperative institute or training sponsored jointly by the State Extension Service and State cooperative council in about 40 States annually. The National Institute on Cooperative Education, sponsored annually by American Institute of Cooperation at a major university, should also be considered (1)(4).

The University Center for Cooperatives, University of Wisconsin, provides a variety of continuing education programs and correspondence courses on all types of cooperatives appealing to national and international audiences.

The Graduate Institute of Cooperative Leadership (GICL), sponsored by the University of Missouri, provides an educational forum designed to re-establish cooperative philosophies through a unique program of leadership development.

GETTING INFORMATION ABOUT COOPERATIVES

Organizations offering pertinent literature are listed below. Periodically, additional materials are produced.

1. American Institute of Cooperation
   Suite 504
   1129 20th St., N.W.
   Washington, D.C. 20036

   How We Organize To Do Business in America, 1973, 29 pp., $.50.

   Business in Our Community, 1975, 24 pp., $.50.

   American Cooperation, annual yearbook of cooperative knowledge; price varies annually.

   16mm. Films

   "How People Do Business in Our Democracy," color, 14 minutes, $150.00.

   "Capper-Volstead—A Legislative Foundation for Agricultural Cooperatives," color, 10 minutes, $150.00.

2. Cooperative League of the USA
   1829 L Street, N.W.
   Washington, D.C. 20036

   Consumer Cooperation: The Heritage and the Dream, Emil Sekerak and Art Danforth, 1974, 102 pp., $1.00

3. Director of Information
   Farm Credit Information
   490 L'Enfant Plaza East, S.W.
   Washington, D.C. 20578

   Banks for Cooperatives—How They Operate, Circular 40, 1973, 12 pp.

   Production Credit Associations—How They Operate, Circular 37, 1973, 12 pp.

   Farm Credit System—Functions and Organization, Circular 36, 1974, 12 pp.

   Federal Land Banks—How They Operate, Circular 35, 1973, 12 pp.

   Federal Intermediate Credit Banks—How They Operate, Circular 7, 1973, 12 pp.

16mm. Films

"Some Land of My Own," color, 17 minutes (on using long-term credit money).

"Some Call It Luck," color, 20 minutes (on use of short-term credit).

"Farmers Who Bank on Themselves," color, 20 minutes (on how farmers use loan funds)

"Credit A Capital Idea," color, 13 minutes (on using credit profitably).

"The Rock and The Hard Place," color, 23 minutes (on where the American farmer finds himself).

4. Farmer Cooperative Service
U.S. Department of Agriculture
Washington, D.C. 20250

Farmer Cooperative Publications, Information 4, 1976, 48 pp.

Capper-Volstead Impact on Cooperative Structure, Joseph G. Knapp, Information 97, 1975. 42 pp.

Economic Development Through Cooperatives, Raymond Williams, Program Aid 1088, 1974, 19 pp.

Improving Management of Farmer Cooperatives, Milton L. Manuel, General Report 120, revised 1973, 47 pp.

Cooperatives in Agribusiness, coordinated by Irwin W. Rust, Educational Circular 33, revised 1972, 60 pp.

A Financial Profile of Farmer Cooperatives in the U.S., Nelda Griffin, Research Report 23, 1972, 95 pp.

Opportunities in the Co-op Business World—A Leader's Program for Youth, C. H. Kirkman, Jr., Information 80, revised 1972, 52 pp.

Recruiting, Training, and Developing Workers for Farmer Cooperatives, Irwin W. Rust, Information 77, 1971, 98 pp.

The Cooperative Approach to Crafts, William R. Seymour, Program Aid 1001, 1971, 30 pp.

Sample Legal Documents—Part I (Legal Phases of Farmer Cooperatives), Morrison Neely, Information 100, revised 1976, 39 pp.

The Cooperative Approach to Outdoor Recreation, William R. Seymour, Information 57, 1967, 12 pp.

How to Start a Cooperative, Irwin W. Rust, Educational Circular 18, 1965, 18 pp.

Identifying the Need for Forestry Associations, Clyde B. Markeson, Educational Circular 20, 1965, 6 pp.

FCS basic cooperative information series using art make excellent handouts:

What Are Cooperatives? C. H. Kirkman, Jr., Information 67, revised 1975, 12 pp. (also in Spanish. 67-S)

Is There a Co-op in Your Future? C. H. Kirkman, Jr., Information 81, revised 1975, 40 pp.

Members Make Co-ops Go, C. H. Kirkman, Jr., Information 72, revised 1975, 12 pp. (also in Spanish. 72-S)

Measuring Co-op Directors, C. H. Kirkman, Jr., Information 73, revised 1975, 12 pp. (also in Spanish. 73-S)

What Co-op Directors Do, C. H. Kirkman, Jr., Information 71, revised 1975, 12 pp. (also in Spanish. 71-S)

Manager [illegible]s Important Key to Co-op Success, C. H. Kirkman, Jr., Information 74, revised 1975, 12 pp. (also in Spanish. 74-S)

Using Co-op Members' Money, C. H. Kirkman, Jr., Information 79, revised 1975, 16 pp.

Employees Help Co-ops Serve, C. H. Kirkman, Jr., Information 83, 1972, 15 pp.

Guides Co-op Employees Need, C. H. Kirkman, Jr., Information 93, 1973, 34 pp.

Bookkeeping Forms Your Co-op Needs, Francis P. Yager, Information 82, revised 1975, 12 pp.

Guides to Co-op Bookkeeping, Francis P. Yager, Information 89, revised 1975, 12 pp.

Periodical:

News for Farmer Cooperatives—Published monthly. Free to cooperatives, public institutions, and persons primarily concerned with helping farmers obtain a better living through cooperatives.

Slide Scripts:

Cooperatives in the American Private Enterprise System, C. H. Kirkman, Jr., Educational Aid 5, revised 1972, 18 pp. (slide purchase instruction in publication).

Cooperatives—Distinctive Business Corporations, C. H. Kirkman, Jr., Information 65, 1970, 28 pp. (slide purchase instruction in publication).

5. Farmers Home Administration
U.S. Department of Agriculture
Washington, D.C. 20250

Business and Industrial Loans, Program Aid 1101, 1974, 3 pp.

6. Group Health Association of America, Inc.
1717 Massachusetts Avenue, N.W.
Washington, D.C. 20036

The Prepaid Group Practice—Health Maintenance Organization, 6 pp.

The Community Health Maintenance Organization, 6 pp.

The Basic Principles of Prepaid Group Practice, 1 p.

7. Foundation for Cooperative Housing
1001 15th Street, N.W.
Washington, D.C. 20005

Building Better Communities, 23 pp. (also in Spanish).

Cooperative Housing in the U.S.A., 22 pp. (also in Spanish).

The Development of Rural Cooperative Housing in the U.S., 19 pp.

Manual for the Home Owners Association Handbook, 17 pp., (also in Spanish).

8. Information Division
U.S. Department of Housing and Urban Development
Washington, D.C. 20410

Basic Cooperative Housing Insurance Handbook, Circular 4550.1, 1973, 43 pp.

HUD-FHA Comparison of Cooperative and Condominium Housing, HUD-321-F, 1972, 3 pp.

9. National Credit Union Administration
2025 M Street, N.W.
Washington, D.C. 20456

Organizing a Federal Credit Union, NCUA 8007, 1972, 39 pp.

10. Credit Union National Association
P.O. Box 431
Madison, Wis. 53701

What Everyone Should Know About Credit Unions, 15 pp.

CUNA Serving Credit Union Members Through State Leagues, 7 pp

You, Your Money, Your Credit Union, 6 pp.

Credit Unions—What They Are, How They Operate, How to Join, How to Start One, 7 pp.

A Brief History of the Credit Union Movement, 14 pp.

Credit Union National Association, Inc., Yearbook 1974, Library of Congress Catalog Card Number: 55-23965.

Periodical:

Credit Union Magazine, Monthly—$7.00 a year.

11. Public Relations Division
National Rural Electric Cooperative Association
2000 Florida Avenue, N.W.
Washington, D.C. 20009

Facts About America's Rural Electric System, 1975, 3 pp., $5.50 per 100.

Power for People, $2.50 per 100.

Where the Dream Begins—Where the Action Starts, 11 pp., $9.00 per 100.

16mm. Films:

"Power for the People," 28-minute documentary on Nation's energy crisis, 1972, rental $15.00.

"On the Line," 13 minutes, rental $7.50.

"Export: Rural Electrification," 13 minutes, rental $7.50.

"Accent on Youth," 13 minutes, rental $7.50.

"Challenge of the Future," 13 minutes, rental $7.50.

Filmstrip/slide presentation with cassette or reel -to-reel tape:

"Rural America . . . Where the Dream Begins . . . Where the Action Starts," filmstrip $14.00, slide set $15.00.

Periodical:

Rural Electrification, published monthly, $5.00 per year.

12. Office of Economic Opportunity
Washington, D.C. 20506

Co-op Stores and Buying Clubs, Don Lefever, OEO Guidance, 6148 2, 1972, 77 pp.

13. North American Student Cooperative Organization
Box 1301
Ann Arbor, Michigan 48106

Periodicals:

The New Harbinger—published bimonthly, $6.00 a year.

Monthly News of Co-op Communities— published monthly, $2.00 a year.

14. Information Services Division
Rural Electrification Administration
U.S. Department of Agriculture
Washington, D.C. 20250

REA Loans and Loan Guarantees for Rural Electric and Telephone Service, 1975, 12 pp.

Rural Telephone Service—Twenty-five Years of Progress, 1974, 33 pp.

The Story of Cooperative Rural Electrification, Miscellaneous Publication 811, revised 1972, 43 pp.

Other addresses to write for information:

15. National Council of Farmer Cooperatives
1129—20th Street, N.W.
Washington, D.C. 20036

16. National Milk Producers Federation
30 F Street, N.W.
Washington, D.C. 20001

17. National Telephone Cooperative Association
2626 Pennsylvania Avenue, N.W.
Washington, D.C. 20037

18. Rural Telephone Bank
Rural Electrification Administration
U.S. Department of Agriculture
Washington, D.C. 20250

19. National Rural Utilities
Cooperative Finance Corporation
300 7th Street, S.W.
Washington, D.C. 20024

20. Federation of Southern Cooperatives
P.O. Box 95
Epes, Alabama 35460

Books:

21. *Cooperatives: Today and Tomorrow*, E. P. Roy, Interstate Printers and Publishers, Inc., 19-27 North Jackson Street, Danville, Ill. 61832, 1964, 590 pp., $6.75.

Covers all types of cooperatives as well as tracing historical development, outlining principles, commenting on organizing and financing, and discussing taxation.

22. *The Rise of American Cooperative Enterprise*, Joseph G. Knapp[a]. The Interstate Printers and Publishers, Inc., 19-27 North Jackson Street, Danville Ill. 61832, 1969, 532 pp., $8.95.

Reveals how cooperative organizations in the United States gradually took form in a distinctive way as the Nation progressed from frontier conditions to a strong national economy.

23. *The Advance of the American Cooperative Enterprise*, Joseph G. Knapp, The Interstate Printers and Publishers, Inc., 19-27 North Jackson Street, Danville, Ill. 61832, 1973, 646 pp., $9.95.

Tells how cooperative organizations made great steps forward under the unique conditions that prevailed in the United States from 1920 to 1945.

[a] Former Administrator of Farmer Cooperative Service.

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